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and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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| | : | |
| In re | : | Chapter 11 |
| | : | |
| SEARS HOLDINGS CORPORATION, et al., | : | Case No. 18-23538 (RDD) |
| | : | |
| Debtors.¹ | : | (Jointly Administered) |
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¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

**NOTICE OF HEARING ON MOTION OF DEBTORS FOR
ORDER SHORTENING NOTICE WITH RESPECT TO DEBTORS' MOTION
FOR AUTHORIZATION AND APPROVAL OF (I) SETTLEMENT BETWEEN
DEBTORS AND THE CHUBB COMPANIES, (II) DEBTORS' ENTRY
INTO TRANSACTION DOCUMENTS, AND (III) RELATED RELIEF**

PLEASE TAKE NOTICE that a hearing on the annexed motion (“**Motion to Shorten**”) of Sears Holdings Corporation and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”) for entry of an order pursuant to Rule 9006(c) of the Federal Rules of Bankruptcy Procedure shortening the notice period and setting the date and time for a hearing on the *Debtors’ Motion for Authorization and Approval of (i) Settlement Between Debtors and the Chubb Companies, (ii) Debtors’ Entry Into the Transaction Documents, and (iii) Related Relief* (the “**Motion to Authorize**”), all as more fully set forth in the Motion to Shorten, will be held before the Honorable Robert D. Drain, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, Courtroom 118, 300 Quarropas Street, White Plains, New York, 10601-4140 (the “**Bankruptcy Court**”) on **May 21, 2019, at 10:00 AM (Eastern Time)** (“**Hearing**”).

PLEASE TAKE FURTHER NOTICE that any responses or objections (the “**Objections**”) to the Motion to Authorize must be asserted in writing, conform to the Bankruptcy Rules and Local Rules, be filed with the Bankruptcy Court in accordance with the terms set forth in the Motion to Authorize, and be served in accordance with the *Amended Order Implementing Certain Notice and Case Management Procedures*, entered on November 1, 2018 (ECF No. 405), so as to be filed and received no later than **May 16, 2019 at 4:00 PM (Eastern Time)** (“**Objection Deadline**”).

PLEASE TAKE FURTHER NOTICE that any objecting parties are required to attend the Hearing and failure to appear may result in relief being granted upon default.

Dated: May 3, 2019
New York, New York

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**UNITED STATES BANKRUPTCY COURT
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| SEARS HOLDINGS CORPORATION, <i>et al.</i> , | : | Case No. 18-23538 (RDD) |
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| Debtors. ¹ | : | (Jointly Administered) |
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**MOTION OF DEBTORS FOR ORDER SHORTENING
NOTICE WITH RESPECT TO DEBTORS' MOTION FOR
AUTHORIZATION AND APPROVAL OF (I) SETTLEMENT BETWEEN
DEBTORS AND THE CHUBB COMPANIES, (II) DEBTORS' ENTRY
INTO TRANSACTION DOCUMENTS, AND (III) RELATED RELIEF**

TO THE HONORABLE ROBERT D. DRAIN,
UNITED STATES BANKRUPTCY JUDGE:

Sears Holdings Corporation and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), respectfully represent as follows in support of this motion (“**Motion to Shorten**”):

Background

1. Beginning on October 15, 2018 (the “**Commencement Date**”), and continuing thereafter, each of the Debtors commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”). The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On October 24, 2018, the United States Trustee for Region 2 appointed an official committee of unsecured creditors (the “**Creditors' Committee**”). No trustee or examiner has been appointed in these chapter 11 cases.

3. The Debtors' chapter 11 cases are being jointly administered for procedural purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

4. Additional information regarding the Debtors' business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the

Declaration of Robert A. Riecker Pursuant to Rule 1007-2 of Local Bankruptcy Rules for Southern District of New York, sworn on October 15, 2018 (ECF No. 3) (the “**Riecker Declaration**”).

Jurisdiction

5. The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.). This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

6. By this Motion to Shorten, the Debtors request entry of an order, pursuant to Bankruptcy Rule 9006(c), shortening the notice period with respect to the *Debtors’ Motion for Authorization and Approval of (i) Settlement Between Debtors and the Chubb Companies, (ii) Debtors’ Entry Into the Transaction Documents, and (iii) Related Relief* (the “**Motion to Authorize**”),² filed contemporaneously herewith, and setting the date and time for the hearing on the Motion to Authorize for **May 21, 2019, at 10:00 a.m. (Eastern Time)** (“**Hearing**”). The Debtors also request that objections to the Motion to Authorize be filed by **May 16, 2019, at 4:00 p.m. (Eastern Time)** (“**Objection Deadline**”).

7. A proposed form of order granting the relief requested herein is annexed hereto as **Exhibit A** (the “**Proposed Order**”).

Relief Requested Should Be Granted

8. Bankruptcy Rule 9006(c) provides that “when an act is required or allowed to be done at or within a specified time by these rules or by a notice given thereunder or by order

² Capitalized terms used but not defined in this Motion to Shorten shall have the respective meanings ascribed to such terms in the Riecker Declaration or the Motion to Authorize, as applicable.

of court, the court for cause shown may in its discretion with or without motion or notice order the period reduced.” FED. R. BANKR. P. 9006(c).

9. In the Motion to Authorize, the Debtors request authority to enter into a settlement with ACE American Insurance Company (together with its affiliates and successors, the “**Chubb Companies**”) that eliminates certain insurance liability of Sears Reinsurance Company Ltd. (“**Sears Re**”) and resolves certain claims between and among them (the “**Settlement**”), and to take all necessary actions to consummate the transaction contemplated under the Settlement. As more fully described in the Motion to Authorize, the Settlement will ensure the Debtors’ and Sears Re’s compliance with their respective obligations under the Asset Purchase Agreement previously approved by this Court by facilitating the transfer of the KCD Notes to Transform Holdco LLC (“**Transform**”) and Transform’s assumption of Sears Re’s liabilities in relation to certain of its warranties and protection agreements.

10. Sufficient cause exists to shorten the notice period for a hearing on the Motion to Authorize. The terms and conditions of the Settlement were reached after arm’s length negotiations between, among others, the Debtors, Transform, the Chubb Companies, and Sears Re. The Settlement provides that, among other things, the continued effectiveness of the Binder, which is a central component of the Settlement, is contingent upon entry of an order approving the Settlement on or before June 15, 2019. The June omnibus hearing currently is scheduled for June 20, 2019, which is after the deadline set forth in the Settlement. Any delays in obtaining approval of the Settlement will result in the need to update actuarial and other calculations underlying the agreed upon consideration within the Binder and the Transaction Documents, and will require all parties to restart negotiations. Given the potential adverse impact on the transfer of the KCD Notes and the Sale Transaction in the event that the Settlement is not approved by June 15, the

Bankruptcy Court should hear and decide upon the Motion to Authorize as soon as possible for the benefit of the Debtors, their estates, and all other parties in interest.

11. Pursuant to Bankruptcy Rule 2002(a) and paragraph 26 of the *Amended Order Implementing Certain Notice and Case Management Procedures* (ECF No. 405) (the “**Case Management Order**”), at least 21 days’ notice shall be given for a motion seeking authority for a proposed use, sale, or lease of property of the estate other than in the ordinary course of business or a motion seeking approval of the compromise or settlement of a controversy. The Motion to Authorize is being filed with 19 days’ notice; consequently, the Debtors are extending the Objection Deadline otherwise applicable by two days, to May 16, 2019. Accordingly, no parties will be prejudiced by the relief requested herein.

12. Based on the foregoing, the Debtors respectfully submit that cause exists to shorten the notice period with respect to the Motion to Authorize.

Notice

13. Notice of this Motion to Shorten has been provided in accordance with the procedures set forth in the Case Management Order. The Debtors respectfully submit that no further notice is required.

14. No previous request for the relief sought herein has been made by the Debtors to this or any other court.

WHEREFORE the Debtors respectfully request entry of the Proposed Order and such other and further relief as is just and appropriate.

Dated: May 3, 2019
New York, New York

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Exhibit A

Proposed Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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| | Chapter 11 |
| SEARS HOLDINGS CORPORATION, et al., | : |
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| | Case No. 18-23538 (RDD) |
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| Debtors.¹ | : |
| | (Jointly Administered) |
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**ORDER SHORTENING TIME FOR NOTICE OF
HEARING WITH RESPECT TO DEBTORS' MOTION FOR
AUTHORIZATION AND APPROVAL OF (I) SETTLEMENT BETWEEN
DEBTORS AND THE CHUBB COMPANIES, (II) DEBTORS' ENTRY
INTO TRANSACTION DOCUMENTS, AND (III) RELATED RELIEF**

Upon the motion to shorten notice, dated May 3, 2019 ("**Motion to Shorten**"),² of Sears Holdings Corporation and certain of its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "**Debtors**"), for entry of an order pursuant to Rule 9006(c) of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**") shortening the time for notice of the hearing to consider the *Debtors' Motion for Authorization and Approval*

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² Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Motion to Shorten.

of (i) *Settlement Between Debtors and the Chubb Companies*, (ii) *Debtors' Entry Into the Transaction Documents*, and (iii) *Related Relief* (the “**Motion to Authorize**”), all as more fully set forth in the Motion to Shorten; and the Court having jurisdiction to decide the Motion to Shorten and the relief requested therein pursuant to 28 U.S.C. §§ 157(a)–(b) and 1334(b), and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion to Shorten and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the relief sought in the Motion to Shorten having been provided in accordance with the *Amended Order Implementing Certain Notice and Case Management Procedures* (ECF No. 405), such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and the Court having determined that the legal and factual bases set forth in the Motion to Shorten establish just cause for the relief granted herein; and it appearing that the relief requested is in the best interests of the Debtors, their estates, their creditors, and all parties in interest; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion to Shorten is granted.
2. A hearing on the Motion to Authorize will be held on **May 21, 2019**, at **10:00 a.m. (Eastern Time)**.
3. All objections to the Motion to Authorize must be asserted in writing, conform to the Bankruptcy Rules and Local Rules, be filed with the Bankruptcy Court in accordance with the terms set forth in the Motion to Authorize, and be served in accordance with

the *Amended Order Implementing Certain Notice and Case Management Procedures*, entered on November 1, 2018 (ECF No. 405), so as to be filed and received no later than **May 16, 2019 at 4:00 PM (Eastern Time)**.

4. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order.

5. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Order.

Dated: _____, 2019
White Plains, New York

THE HONORABLE ROBERT D. DRAIN
UNITED STATES BANKRUPTCY JUDGE